

Debtors' Ex. 89

(Senate Bill 787)

ACT 045
JULY 28, 1994

To provide for the Commonwealth of Puerto Rico's guarantee for the payment of principal and interest on those specified bonds of the Water and Sewage Authority of Puerto Rico that are current on the effective date of this act and those bonds that may come to be issued by the Water and Sewage Authority of Puerto Rico to refinance any of the said current bonds.

STATEMENT OF PURPOSE

The Legislature of Puerto Rico has concluded and determined that government investment in infrastructure is vital for promoting the economic development of Puerto Rico. This public investment in infrastructure not only generates an immediate and direct flow of economic activity, but is also essential for promoting private investment, which uses the facilities developed by the public sector and without which it would be much more difficult to attract this private investment for the well-being of the People of Puerto Rico. Classic examples of this investment in infrastructure include water, sewage, and treatment plant systems and facilities.

The development of such infrastructure involves a substantial investment of resources. Often, it is not possible for public corporations of the Commonwealth of Puerto Rico tasked with the development of this infrastructure to cover payment or financing of the cost of this infrastructure using available funds, thus requiring access to public capital markets to obtain financing for the necessary funds and repaying this financing with net revenues of operations and legislative allocations. A good example of a public corporation that needs to turn to public capital markets to finance the development of infrastructure facilities is the Water and Sewage Authority of Puerto Rico, which was created to provide at the lowest cost possible for the inhabitants of Puerto Rico, suitable water and sewage service and an ample and continuous supply of water for these purposes and for all other residential, industrial, and commercial purposes, and to provide other services or facilities that are incidental or inherent to such purposes.

In light of the fundamental importance of access to public capital markets for the public corporations of the Commonwealth of Puerto Rico, and thus for the People of Puerto Rico, it is necessary that investors from public capital markets continue to trust in the ability of the Commonwealth of Puerto Rico and its public corporations to meet its financial obligations in a timely manner, such that this ability is not degraded. The Water and Sewage Authority of Puerto Rico has made significant investment in the infrastructure and facilities necessary in order to uphold the responsibilities assigned to it by the Legislature. At present, the Water and Sewage Authority of

Puerto Rico faces financial difficulties that could, without the legislative action contained in this Act, undermine the trust of investors.

Decreed by the Legislative Assembly of Puerto Rico:

Section 1. The Commonwealth of Puerto Rico hereby guarantees payment of principal, interest, and any premium on all bonds issued by the Water and Sewage Authority of Puerto Rico (the Authority) current on the effective date of this Act (“the current bonds”), as well as all bonds or other obligations that may be issued by the Authority to refinance the current bonds covered by this guarantee (the “refinancing bonds” and, referred to jointly with the current bonds as “the bonds”). Any refinancing bonds issued after the effective date of this Act to be covered by this guarantee will be as specified by way of resolution of the Authority, and a declaration of this guarantee will appear on the face of such bonds. The guarantee provided in this Section will only remain effective for the covered bonds during the period during which they are considered current as under the Trust Agreement or other agreements, in accordance with the manner in which they were issued and backed.

If at any time the revenue, income, or any other available funds of the Authority that are pledged for payment of the principal, interest, and any premium of bonds directly guaranteed by the Commonwealth of Puerto Rico under the provisions of this Act, are not sufficient to make timely payment of such principal, interest, or premium, or to maintain a reserve for this purpose, as provided in the Trust Agreement or other agreements backing such bonds, the Treasury Secretary will allocate or advance the necessary sums of money from any available funds in the Treasury of Puerto Rico in order to cover the deficits in the amount required for payment of such principal, interest, or premium, and to maintain said reserve, ordering that the sums thusly withdrawn be used for these purposes. In the event that funds are given as an advance, the Treasury Secretary will notify the Director of the Budget and Management Office of the funds advanced, and said Director will proceed to include those funds in the General Expense Budget of the Government of Puerto Rico for the next fiscal year. The good faith and credit of the Commonwealth of Puerto Rico are hereby pledged in order to make such payments.

Notwithstanding the provisions included in this Section, the Authority or the official, board, or entity succeeding it in its functions may, from time to time, issue written notice with approval in writing from the Treasury Secretary that the guarantee authorized hereby is to be transferred for payment of the principal, interest, or any premium of any bonds issued or to be issued by any other public corporation in order to refinance any of the bonds mentioned in the first paragraph of this Section; providing, however, that such guarantee will remain effective for any current bond issued prior thereto

by the Authority and for refinancing bonds issued by the Authority to refinance any of the aforesaid current bonds. The other provisions of this Section shall apply to the bonds issued by the Authority and by said other public corporation.

Section 2. The current bonds consist of Water and Sewage Authority Series 1988 A and Series 1988 AA bonds.

Section 3. This Act, due to its urgent and necessary nature, will take effect immediately after its passage.

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President of the Senate

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President of the House of Representatives



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TRANSLATOR'S CERTIFICATE OF TRANSLATION

Translation from: Spanish (Puerto Rico) into English (US)
TARGEM Translations Inc.

I, Andreea Boscor, ATA Certification #525556,(verify at www.atanet.org/verify), acting as translator at TARGEM Translations Inc., a NEW YORK City corporation, with its principal office at 185 Clymer Street, Brooklyn, NY, 11211, USA, certify that:

the English translated document identified below, is a true and accurate translation of the original Spanish and has been translated to the best of my knowledge.

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Signed this 22nd day of September 2019

A handwritten signature in black ink, appearing to read 'Andreea I. Boscor', written over a horizontal line.

Andreea I. Boscor

